

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|------------------------------------|---|-----------------|
| THE APPLICATION OF LAKE CITY SEWER |) | |
| SYSTEM FOR AUTHORIZATION TO INCUR |) | CASE NO. 92-198 |
| INDEBTEDNESS |) | |

O R D E R

On May 26, 1992, Lake City Sewer System ("Lake City") filed its application seeking authority to borrow \$70,752 from a local financial institution to retire debt. The proposed indebtedness will be carried at an interest rate of 6.75 percent with payments of \$626.09 per month for a period of 180 months. The debt is to be secured by the assets of the sewer system.

The proceeds will be used to refund two outstanding Economic Development Administration bond issues of 1969 - Series A and B. The 4.125 percent Series A issue has a face value of \$55,000, a current outstanding face value of \$37,000, and a payoff amount of \$28,839. The 4.75 percent Series B issue has a face value of \$75,000, a current outstanding face value of \$50,500 and payoff amount of \$41,913. The bonds are secured by a statutory lien on the sewer system and are payable only from the revenues of the system.

In its application, Lake City included amortization schedules of both the present and proposed indebtedness. Upon review of these schedules the Commission has determined that the proposed debt would result in a savings of \$16,956 to Lake City.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed financing plan is for lawful objects within the purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Lake City be and it hereby is authorized to incur indebtedness of \$70,752 at an interest rate of 6.75 percent per annum, with monthly payments not to exceed \$626.09 for a period of 180 months.

2. Lake City shall agree only to such terms and conditions that are consistent with said parameters as set out in its application.

3. Lake City shall, within 30 days of the date of this Order, file with the Commission the final loan documents evidencing the terms and conditions of its loan.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

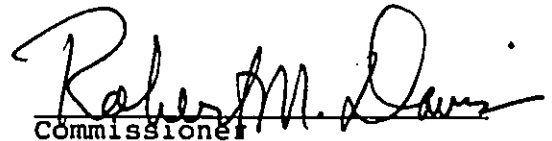
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof, as to the securities authorized herein.

Done at Frankfort, Kentucky, this 4th day of June, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director